

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, ONTARIO

SEMI-ANNUAL REPORT

June 15, 1966.

TO THE SHAREHOLDERS OF
ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at May 31, 1966 and the statement of income and expenses for the six months' period ended on that date. Also shown are comparative figures for the previous year.

As at May 31, 1966 the indicated net asset value of each of the Company's Class C shares and common shares was \$19.65 per share, compared with \$21.68 per share as at May 31, 1965.

Income from investments during the period amounted to \$4,012,932 compared to \$3,318,900 in the corresponding period last year. Expenses (including interest of \$289,942) were \$383,205 compared to \$366,431 (including interest of \$275,574) for the same period in the previous year. Net income amounted to \$3,629,727 which compared with \$2,952,469 for the six months ended May 31, 1965. In addition to the regular dividends on the Company's Class A and Class B Preference Shares, quarterly dividends of 12¢ per share on the Class C and the common shares were declared during the period. Earned surplus increased by \$1,077,198 during the six months covered by the report and included \$314,265 profit from the sale of sundry securities.

In February, 1966, Massey-Ferguson Limited announced an offering of rights to its common shareholders on the basis of 1 common share for each 5 shares held. Your Company exercised its rights under this offering in March, 1966, taking up 330,000 common shares of Massey-Ferguson Limited at a price of \$8,580,000 (\$26.00 per share). Also purchased during the period were 30,000 shares of Hollinger Consolidated Gold Mines, Limited.

Since November 30, 1965, 725 shares of Class A Preference Shares \$2.50 Series and 750 shares of Class A Preference Shares \$2.60 Series were purchased and cancelled.

Recent declarations have increased the annual dividend rates on Domtar Limited common shares from 90¢ to \$1.00 per share and on Standard Radio Limited shares from 30¢ to 36¢ per share.

At the meeting of the Board of Directors of your Company held on June 7, 1966, quarterly dividends of 14¢ per share were declared on the Class C and common shares, thus raising the annual dividend rates on these shares from 48¢ to 56¢ per share.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDougald,
Vice-President.

A R G U S C O R P O R A T I O N L I M I T E D

BALANCE SHEET—MAY 31, 1966
(with comparative figures at May 31, 1965)

	ASSETS	1966	1965
INVESTMENTS IN COMMON SHARES:			
Securities having a quoted market value, at cost.....		\$84,148,525	\$75,242,853
(value based on market quotations as at—			
May 31, 1966—\$209,873,646			
May 31, 1965—\$221,715,538)			
Securities not having a quoted market value, at cost.....	250,000	250,000	
	84,398,525	75,492,853	
SHORT TERM SECURITIES		—	5,310,070
CASH IN BANKS	66,714	71,117	
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES	372,200	360,900	
HEAD OFFICE PREMISES: Land, building and furnishings, at nominal value.....	1	1	
	\$84,837,440	\$81,234,941	
LIABILITIES			
BANK LOANS	\$ 1,425,000	\$ —	
DIVIDENDS PAYABLE	1,015,620	761,712	
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	59,700	59,668	
5½% SECURED NOTES SERIES C, due November 1, 1975	10,000,000	10,000,000	
CAPITAL AND SURPLUS:			
Capital stock (see notes 1 and 2)—			
	Number of Shares		
	Authorized	Issued	
335,090		Class A Preference—	
	135,840	\$2.50 Series.....	6,792,000 6,828,250
	199,250	\$2.60 Series.....	9,962,500 10,000,000
1,000,000		Class B Preference—	
	300,000	Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000 15,000,000
6,770,944	6,770,944	Class C Participating Non-voting Preference.....	21,644,825 21,644,825
10,000,000	1,692,736	Common.....	5,411,206 5,411,206
			58,810,531 58,884,281
Contributed surplus, realized on purchase for cancellation of Preference Shares (including \$5,541 arising during the six months ended May 31, 1966).....		72,327 66,786	
Earned surplus.....		13,454,262 11,462,494	
		72,337,120 70,413,561	
		\$84,837,440 \$81,234,941	

NOTES:

- (1) The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at \$52.50 per share and accrued dividends.
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- (2) During the six months ended May 31, 1966, 725 Class A Preference Shares \$2.50 Series and 750 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

E. P. TAYLOR, Director

JOHN A. McDougald, Director

ARGUS CORPORATION LIMITED

STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1966 (with comparative figures for the six months ended May 31, 1965)

	1966	1965
Balance at beginning of period.....	\$12,377,064	\$ 9,254,051
Net income for the period.....	3,629,727	2,952,469
Profit on securities sold.....	314,265	1,615,112
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Dividends:		
Class A Preference Shares \$2.50 Series.....	170,631	170,710
Class A Preference Shares \$2.60 Series.....	259,919	260,000
Class B Preference Shares 1962 Series.....	405,005	405,005
Class C Participating Preference Shares.....	1,624,991	1,218,738
Common Shares.....	406,248	304,685
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Balance at end of period.....	<hr/>	<hr/>
	\$13,454,262	\$11,462,494

STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1966 (with comparative figures for the six months ended May 31, 1965)

	1966	1965
Income:		
Dividends received.....	\$3,903,312	\$3,262,437
Interest earned.....	109,620	56,463
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Expenses:		
Salaries of officers and employees.....	28,215	27,530
Directors' fees.....	4,250	4,505
Transfer agents' and registrars' fees and expenses.....	28,916	26,462
General office and administrative expenses.....	31,882	32,360
Interest on Secured Notes.....	275,000	275,000
Bank interest.....	14,942	574
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Net income for the period.....	<hr/>	<hr/>
	\$3,629,727	\$2,952,469

AUDITORS' REPORT

To the Directors of

ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at May 31, 1966 and the statements of earned surplus and income and expenses for the six months ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of earned surplus and income and expenses present fairly the financial position of the company as at May 31, 1966 and the income and expenses for the six months ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

June 7, 1966.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

A R G U S C O R P O R A T I O N L I M I T E D

SCHEDULE OF SECURITIES AS AT MAY 31, 1966 (with comparative figures as at May 31, 1965)

Company	Class of shares	1966			1965	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited.....	Common	400,000	11.5%	\$ 7,450,000	400,000	\$ 11,400,000
Canadian Breweries Limited.....	Common	2,400,000	11.0%	16,500,000	2,400,000	23,400,000
Dominion Stores Limited.....	Common	1,900,000	23.5%	41,325,000	1,900,000	48,450,000
Domtar Limited.....	Common	2,475,000	16.9%	43,621,875	2,475,000	54,140,625
Hollinger Consolidated Gold Mines, Limited.....	Common	730,000	14.8%	16,607,500	700,000	20,300,000
Massey-Ferguson Limited.....	Common	1,980,000	10.9%	71,527,500	1,650,000	51,768,750
Standard Radio Limited.....	Common	537,495	49.7%	11,153,021	537,495	9,406,163
Other securities having a quoted market value.....				1,688,750		2,850,000
				\$209,873,646		\$221,715,538
Securities not having a quoted market value.....				\$ 250,000		\$ 250,000

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	*A. BRUCE MATTHEWS	Toronto
T. N. BEAUPRÉ	Vancouver	*JOHN A. McDougald	Toronto
*GEORGE M. BLACK, JR.	Toronto	D. A. McINTOSH, Q.C.	Toronto
H. J. CARMICHAEL	Toronto	ALLEN A. McMARTIN	Bermuda
A. L. FAIRLEY, JR.	Montreal	*MAXWELL C. G. MEIGHEN	Toronto
P. M. FOX	Montreal	*E. P. TAYLOR	Bahama Islands

*Members of the Executive Committee

OFFICERS

President	E. P. TAYLOR
Vice-President and Chairman of the Executive Committee	JOHN A. McDougald
Vice-President	A. BRUCE MATTHEWS
General Manager	J. N. SWINDEN
Secretary	H. H. EDMISON
Treasurer	J. R. WRIGHT, C.A.

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ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

ANNUAL REPORT

December 16, 1966.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at November 30, 1966 and the statement of income and expenses for the year ended on that date. Also shown are comparative figures for the previous year.

As at November 30, 1966 the indicated net asset value of each of the Company's Class C shares and common shares was \$14.82 per share, compared with \$19.55 per share as at November 30, 1965.

Income from investments during the period amounted to \$8,094,181 compared to \$7,212,664 in the previous year. Expenses (including interest of \$605,087) were \$787,038 compared to \$732,565 (including interest of \$550,574) for the previous year. Net income amounted to \$7,307,143 compared with \$6,480,099 for the year ended November 30, 1965. Earnings on the Class C and common shares amounted to 66.6¢ per share, compared to 56.8¢ per share in the previous year. Dividends totalling 48.5¢ per share on the Class C and common shares were paid during the fiscal year, but declarations covering the September 1, 1966 and December 1, 1966 payments were at an annual rate of 56¢ per share. Earned surplus amounted to \$14,559,572 at November 30, 1966 (\$12,377,064 at November 30, 1965) and included profit of \$945,020 on securities sold during the year.

During the year ended November 30, 1966 your Company purchased 100,000 shares of Hollinger Consolidated Gold Mines, Limited, which increased the investment in that company to 800,000 shares.

Purchased and cancelled during the year were 1,505 Class A Preference Shares \$2.50 Series and 1,660 Class A Preference Shares \$2.60 Series.

Mr. Thomas G. McCormack, President of Dominion Stores Limited, and Mr. Albert A. Thornbrough, President of Massey-Ferguson Limited, were elected to the Board of Directors of the Company on December 5, 1966.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDougald,
Vice-President.

ARGUS CORPORATION LIMITED

BALANCE SHEET—NOVEMBER 30, 1966

(with comparative figures at November 30, 1965)

	ASSETS		1966	1965
INVESTMENTS IN COMMON SHARES:				
Securities having a quoted market value, at cost.....			\$84,839,560	\$75,242,853
(value based on market quotations as at—				
November 30, 1966—\$168,601,134				
November 30, 1965—\$202,806,159)				
Securities not having a quoted market value, at cost.....	250,000		250,000	
	85,089,560		75,492,853	
SHORT TERM SECURITIES			—	6,349,896
CASH IN BANKS			60,214	69,096
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES			375,400	366,100
HEAD OFFICE PREMISES:				
Land, building and furnishings, at nominal value.....		1		1
			\$85,525,175	\$82,277,946
	LIABILITIES			
BANK LOANS (secured)			\$ 905,000	\$ —
DIVIDENDS PAYABLE			1,184,891	888,674
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES			70,917	61,141
5½% SECURED NOTES SERIES C, due November 1, 1975			10,000,000	10,000,000
CAPITAL AND SURPLUS:				
Capital stock (see notes 1 and 2)—				
	<u>Number of Shares</u>			
	<u>Authorized</u>	<u>Issued</u>		
	333,400		Class A Preference—	
	135,060	\$2.50 Series.....	6,753,000	6,828,250
	198,340	\$2.60 Series.....	9,917,000	10,000,000
	1,000,000	Class B Preference—		
	300,000	Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000	15,000,000
	6,770,944	6,770,944 Class C Participating Non-voting Preference.....	21,644,825	21,644,825
	10,000,000	1,692,736 Common.....	5,411,206	5,411,206
			58,726,031	58,884,281
Contributed surplus, realized on purchase for cancellation of Preference Shares (including \$11,978 arising during the year ended November 30, 1966).....			78,764	66,786
Earned surplus.....			14,559,572	12,377,064
			73,364,367	71,328,131
			\$85,525,175	\$82,277,946

NOTES:

(1) The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.
 The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at \$52.50 per share and accrued dividends.
 The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.

(2) During the year ended November 30, 1966, 1,505 Class A Preference Shares \$2.50 Series and 1,660 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

ED ON BEHALF OF THE
E. P. TAYLOR, Director

JOHN A. McDougald, Director

ARGUS CORPORATION LIMITED

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED NOVEMBER 30, 1966
(with comparative figures for the year ended November 30, 1965)

	<u>1966</u>	<u>1965</u>
Balance at beginning of year.....	\$12,377,064	\$ 9,254,051
Net income for the year.....	7,307,143	6,480,099
Profit on securities sold.....	945,020	1,615,112
	<hr/>	<hr/>
Dividends:		
Class A Preference Shares \$2.50 Series.....	340,016	341,419
Class A Preference Shares \$2.60 Series.....	518,609	520,000
Class B Preference Shares 1962 Series.....	810,010	810,010
Class C Participating Preference Shares.....	3,520,816	2,640,609
Common Shares.....	880,204	660,160
	<hr/>	<hr/>
	6,069,655	4,972,198
Balance at end of year.....	<u>\$14,559,572</u>	<u>\$12,377,064</u>

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED NOVEMBER 30, 1966
(with comparative figures for the year ended November 30, 1965)

	<u>1966</u>	<u>1965</u>
Income:		
Dividends received.....	\$7,984,561	\$7,025,811
Interest earned.....	109,620	186,853
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Expenses:		
Salaries of officers and employees.....	58,753	57,095
Directors' fees.....	8,500	8,630
Transfer agents' and registrars' fees and expenses.....	50,774	50,170
General office and administrative expenses.....	63,924	66,096
Interest on Secured Notes.....	550,000	550,000
Bank and other interest.....	55,087	574
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Net income for the year.....	<u>\$7,307,143</u>	<u>\$6,480,099</u>

AUDITORS' REPORT

To the Shareholders of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at November 30, 1966 and the statements of earned surplus and income and expenses for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earned surplus and income and expenses present fairly the financial position of the company as at November 30, 1966 and the income and expenses for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

December 6, 1966.

PRICE WATERHOUSE & CO.,
 Chartered Accountants.

A R G U S C O R P O R A T I O N L I M I T E D

SCHEDULE OF SECURITIES AS AT NOVEMBER 30, 1966 (with comparative figures as at November 30, 1965)

Company	Class of shares	1966			1965	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited	Common	400,000	11.5%	\$ 7,700,000	400,000	\$ 8,750,000
Canadian Breweries Limited	Common	2,400,000	11.0%	15,600,000	2,400,000	18,300,000
Dominion Stores Limited	Common	1,900,000	23.5%	33,725,000	1,900,000	47,500,000
Domtar Limited	Common	2,475,000	16.8%	41,146,875	2,475,000	43,621,875
Hollinger Consolidated Gold Mines, Limited	Common	800,000	16.3%	16,600,000	700,000	17,675,000
Massey-Ferguson Limited	Common	1,980,000	10.9%	41,332,500	1,650,000	54,450,000
Standard Radio Limited	Common	537,495	49.5%	12,496,759	537,495	9,809,284
Other securities having a quoted market value				—		2,700,000
				\$168,601,134		\$202,806,159
Securities not having a quoted market value				\$ 250,000		\$ 250,000

NOTE: The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at November 30. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	THOMAS G. McCORMACK	Toronto
T. N. BEAUPRÉ	Vancouver	*JOHN A. McDougald	Toronto
*GEORGE M. BLACK, JR.	Toronto	D. A. McINTOSH, Q.C.	Toronto
H. J. CARMICHAEL	Toronto	ALLEN A. McMARTIN	Bermuda
A. L. FAIRLEY, JR.	Montreal	*MAXWELL C. G. MEIGHEN . . .	Toronto
P. M. FOX	Montreal	*E. P. TAYLOR	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	ALBERT A. THORNBROUGH . . .	Toronto

*Members of the Executive Committee

OFFICERS

President	E. P. TAYLOR
Vice-President and Chairman of the Executive Committee	JOHN A. McDougald
Vice-President	A. BRUCE MATTHEWS
General Manager	J. N. SWINDEN
Secretary	H. H. EDMISON
Treasurer	J. R. WRIGHT, C.A.